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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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In the Matter of AT&T Communications Tariff F.C.C. Nos. 9 and 11	CC Docket No. 94-120 Transmittal No. 6788

DIRECT CASE OF AT&T CORP.

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SUMMARY

Although neither required nor contemplated by the Commission's Local Transport orders, the LECs altered their billing arrangements for Feature Group A and B access service with their restructured local transport tariffs. They unilaterally substituted AT&T (in place of the end user) as the customer of record and proposed to bill AT&T for the flat-rated charges associated with Feature Group A and B local transport. As the Suspension Order acknowledges, AT&T attempted to preclude this change in billing practices, but was unsuccessful. Accordingly, and as of the effectiveness of the LEC tariffs, the end user is no longer billed by the LEC for flat-rated portion of Feature Group A or B access; AT&T is billed for the entire portion of the facilities used; and AT&T has no current means to recover the additional access expense it is incurring.

By its Transmittal 6788, AT&T seeks to resell the flat-rated portion of Feature Group A and B access services it is forced to obtain. The Common Carrier Bureau has suspended the tariff for the maximum statutory period, thus extended the period that (i) the end user is escaping these charges for Feature Group A and B entrance facilities and direct trunked transport, and (ii) AT&T is without a revenue source to offset its additional access expenses. By its Order, the Common Carrier Bureau has designated the issues and questions it wishes to investigate in the course of the tariff suspension.

Most crucially to the Bureau's consideration of AT&T's connection service, is its own recognition that "AT&T proposes to resell . . . the entrance facility and direct trunked transport

rate elements so that it can recoup the local transport charges assessed to it by the LECs." As a resold service, AT&T is providing customers an additional option for access service. The specific issues raised in the Order do not suggest any unreasonableness in AT&T's tariff provisions. First, the end user customers are not forced to take AT&T's connection service, but can decline and obtain necessary Feature Group A or B access connections under the LECs' local transport tariffs, which are required to offer entrance facilities and direct trunked transport on an unbundled basis.

Second, AT&T will offer its Access Coordination Function (ACF) separate and apart from its connection service. Nor is AT&T's "bundling" of entrance facilities and direct trunked facilities in its resold connection service unreasonable. The Transport Orders require the LECs to unbundle those components, and any customer who desires separate entrance facilities or direct trunked facilities can obtain them from the LEC or other access service provider. AT&T is simply offering a combined resold package; the inefficiencies and higher costs that separate provision would involve justify AT&T's decision to resell these two components of access on a combined basis.

Third, the limited existence or further possibility of "split billing" options provide no acceptable solution to the problems presented, nor justification to any finding of unreasonableness with respect to the connection service proposed. Because AT&T is responsible for the expense of any spare or unused capacity in the access facilities utilized for Feature Group A or B access, and additionally responsible for any end user non-payment of a split bill, such arrangements do not permit full recovery of the Feature Group A and B access expenses the LECs have imposed on AT&T. More importantly, whether or not split billing options exist, that is no reason why AT&T should not be permitted to resell LEC access services, consistent with long-standing Commission policy encouraging the reselling of non-competitive telecommunications services.

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AT&T Communications Tariff F.C.C. Nos. 9 and 11	)	CC Docket No. 94-120 Transmittal No. 6788

DIRECT CASE OF AT&T CORP.

Pursuant to the Order Designating Issues for Investigation,[1] AT&T Corp. (hereinafter, "AT&T") hereby responds to the Order and presents its direct case.

INTRODUCTION AND BACKGROUND

By its Transmittal No. 6788, AT&T proposed tariff revisions necessitated by the changes the Commission has permitted in LEC billing of Feature Group A and B access services. Specifically, prior to the revisions of the LECs' interstate tariffs for local transport required by the Commission's orders in Docket 91-213,[2] the LECs billed the end user customer of record for any Feature Group A or B access that was provided, whether the customer ordered the service directly,

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[1] Order by the Chief of the Common Carrier Bureau, DA 94-118 (October 7, 1994)(establishing CC Docket No. 94-120), as amended by its further order (October 14, 1994) (hereinafter, "Order"). The Order commences the investigation instituted by the Common Carrier Bureau's earlier Memorandum Opinion and Order, DA 94-889 (August 12, 1994), which suspended AT&T's proposed tariff revisions (hereinafter, "Suspension Order").

[2] See Transport Rate Structure and Pricing, 7 FCC Rcd 7006 (1992), recon., 8 FCC Rcd 5370 (1993), further recon., 8 FCC Rcd 6233 (1993), further recon. pending (collectively hereinafter referred to as "Transport Orders").

or obtained it through AT&T's actions in ordering the service on the customer's behalf.

Although the Commission's <u>Transport Orders</u> did not require any change,[3] the LECs unilaterally altered these billing arrangements in their restructured transport tariffs. They proposed to bill AT&T, rather than the end user customer of record, for the flat-rate charges associated with Feature Group A and B access used to connect the customers to AT&T's point of presence ("POP").[4] AT&T objected to these proposals and sought Commission action to preclude them.[5] The Commission, however, did not act on AT&T's petition and the LECs' transport tariffs took effect without modification in this area. As a result, the end user customers are no longer billed by the LEC for the flat-rated portion of any Feature Group A or B access services they obtain. AT&T is charged these amounts, and AT&T's expenses of providing the services at issue have thus increased.

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[3] <u>See</u>, <u>e.g.</u>, <u>Suspension Order</u>, ¶ 7 ("[t]he Commission did not tell the LEC to bill differently for the services using the facilities described in the transport rate elements than it did before the transport restructure").

[4] The LECs would continue to bill the end user directly for the usage-based transport rate elements for Feature Group A and B access (<u>e.g.</u>, the Residual Interconnection Charge). <u>See</u>, <u>e.g.</u>, <u>Suspension Order</u>, ¶ 11.

[5] <u>See</u> Petition of American Telephone and Telegraph Company, CC Docket No. 91-213 (October 7, 1993), pp. 35-38. As the Common Carrier Bureau acknowledges in its <u>Suspension Order</u>, AT&T "raised the billing problem associated with Feature Group A . . . in the transport restructure tariff review process," specifically pointing out that "the proposed change in [the] LEC billing practice was not required" under the <u>Transport Orders</u>. <u>See</u> <u>Suspension Order</u>, ¶ 10. <u>See also</u> <u>id.</u>, ¶ 13 (the LECs' LTR tariffs effected a "change in LEC billing practices").

Having failed to persuade the Commission that no change in the billing for Feature Group A or B access service was warranted, AT&T prepared tariff revisions to its F.C.C. Tariff No. 11 to resell the access services now billed to AT&T.[6] The tariff revisions were designed to obtain recovery of these additional access costs, but existing or prospective customers are not forced to obtain such resold access service from AT&T. Indeed, and because "[u]nder the local transport restructure, the LECs are required to provide these rate elements on an unbundled basis" (Order, ¶ 4 n.6), the end user can presumably obtain Feature Group A or B access directly from the LECs.[7] In that event, the customer's traffic would be delivered to AT&T's POP for AT&T's provision of the relevant interexchange service, and the customer would neither receive nor be billed for AT&T's connection service.

Notwithstanding this background, the proposed tariffs were suspended for the maximum statutory period, and the Order commences an investigation "to determine whether AT&T's offering of Feature Group A and B connection service under Transmittal 6788 constitutes an unreasonable practice in violation of Section 201(b) of the Communications Act . . ." Order, ¶ 4. The Order identifies six general issues to be investigated, and contains a

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[6] See, e.g., Order, ¶ 4 (AT&T "proposes to resell the local transport" services used for Feature Group A and B access).

[7] AT&T is in no position to warrant that all the LECs are offering unbundled Feature Group A or B access service to end users. That certainly should be the case, but, if not, the question of lawfulness rests with the LECs' access tariffs, not with AT&T's tariffs to resell their access services.

number of specific questions with respect to each issue. The balance of this response will address these six issues in turn, with Attachment A to this pleading answering each of the specific questions presented in the Order.

I. ISSUE 1: AT&T WILL NOT PROVIDE RESOLD CONNECTION SERVICE TO A CUSTOMER WHO DOES NOT AFFIRMATIVELY REQUEST IT.

The Order first asks whether it is "reasonable for AT&T to bill an end user customer for Feature Group A or B connection service when an end user has not affirmatively ordered this service from AT&T?" Order, ¶ 5, Issue 1.

The very premise of the question is misplaced. The end user customer has ordered AT&T interstate service pursuant to AT&T's F.C.C. Tariff No. 9, and AT&T's tariff revisions permit the customer to obtain, on a resold basis, the flat-rated portion of the LECs' Feature Group A or B access service from AT&T. But the customer is not forced to obtain this resold service from AT&T. To the contrary, AT&T will provide its existing customers a notice describing the changes the LECs accomplished with their restructured local transport tariffs and requesting each customer to determine how it wishes to obtain the necessary Feature Group A or B connection.[8]

Upon the effectiveness of AT&T's revised Tariff 11, the customer will therefore have four options: (1) the customer can

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[8] For this and other reasons, the decisions in Capital Network Systems, Inc., 6 FCC Rcd 5609 (Com. Car. Bur. 1991), app. for review den., 7 FCC Rcd 8092 (1992), petition for review denied sub nom., Capital Network Systems, Inc. v. FCC, 28 F.3rd 201 (D.C. Cir. 1994)) are entirely distinguishable. See also Suspension Order, ¶ 15 & n.24.

obtain the access service directly from the LEC and arrange to connect the access service at AT&T's POP pursuant to AT&T's established interface requirements; (2) the customer can have AT&T, acting as its agent, coordinate access service from the LEC (see Part II, infra); (3) the customer can obtain the necessary access connections on a resold basis from AT&T pursuant to the tariff revisions under investigation; or (4) the customer can do neither, or otherwise elect to terminate the existing service it is receiving from AT&T, in which case no charges will be made to the customer.

Accordingly, the customer will not be forced to accept connection service from AT&T, but would in fact "affirmatively" become an AT&T customer for access service resold under revised Tariff 11. Order, ¶ 5, Issue 1. Similarly, the customer can, in fact, "decline to receive" AT&T's resold access connection service. Id. Assuming that the applicable LEC's access tariffs have unbundled the entrance facilities and direct trunked transport facilities as required by the Transport Orders, the customer can instead obtain the Feature Group A or B access service from the LEC and connect at AT&T's POP. In that circumstance, the customer would only be charged for the interexchange service provided under AT&T's F.C.C. Tariff No. 9. But once AT&T's connection tariff is effective, the existing situation -- customers obtaining access service that is billed by the LEC to AT&T without AT&T recovering a charge from the customer for that access service -- will no longer prevail.

In all events, if the customer elects to obtain resold access service from AT&T pursuant to its revised Tariff F.C.C. No. 11, AT&T's provision of such resold service will comply with the requirements of Section 203 of the Communications Act. See Order, ¶ 5, Issue 1, Question 1(a). Specifically, AT&T's tariff contains a schedule of all charges, classifications, and other terms and conditions associated with the resold access service, as required by Section 203 of the Act. See Transmittal No. 6788; see also 47 U.S.C. § 203.

II. ISSUE 2: AT&T WILL OFFER ACCESS COORDINATION AND RESOLD CONNECTION SERVICE ON AN UNBUNDLED BASIS.

The second issue raises the question of whether AT&T will bundle its Access Coordination Function ("ACF") with its provision of resold Feature Group A and B access service, and how the interface between the LEC's access service and AT&T's interexchange service will operate for Feature Group A and B access not provided under AT&T's connection service. Order, ¶ 5, Issue 2.

First, AT&T will not bundle its coordination and connection services. AT&T will continue to offer its Access Coordination Function to customers, whether or not they obtain Feature Group A or B access on a resold basis from AT&T. A customer can thus elect to obtain Access Coordination from AT&T for purposes of obtaining alternative suppliers of Feature Group A or B access to AT&T's POP.

Second, with any traffic delivered by the LEC or other access provider, AT&T maintains interface requirements for the delivery of traffic and connection to AT&T's POP. Specifically, AT&T requires that traffic be delivered of a DS-1 level (at a minimum). The Order poses the question that if AT&T requires a DS-1 interface, "how will end users be able to use a LEC's voice grade transport and entrance facilities to enter AT&T's POP?" Order, ¶ 5, Issue 2, Question 4. Just as with other access traffic, the LEC is responsible for providing access and delivering traffic to AT&T or any other interexchange carrier pursuant to reasonable interface requirements established by that carrier.

Therefore, if the LEC offers access to end users at a voice grade level, it is the LEC's obligation to aggregate traffic or otherwise to provide its access services in a manner that the traffic can be delivered to the interexchange carrier. If such aggregation imposes a cost on the LEC, its access tariffs will recover such expenses or otherwise contain rate elements for the access services provided. And if the interexchange carrier's interface requirement is unreasonable, or imposes inordinate costs, the customer will terminate its service by either shifting its business to a different offering or to a different carrier altogether.

III. ISSUE 3: AT&T'S RESELLING OF ENTRANCE FACILITIES AND DIRECT TRUNKED TRANSPORT IS REASONABLE.

The third issue concerns AT&T's unwillingness to resell entrance facilities and direct trunked transport separately from one another. Order, ¶ 5, Issue 3. Although AT&T is certainly willing to include rate elements for these two components of its resold connection service so that customers may obtain more detailed information for comparative purposes, reselling these two components on a "bundled" basis is entirely reasonable.

First, AT&T's "bundling" of resold entrance facility and direct trunked transport does not preclude customer choice or the ability to "piece out" LEC access services by customers or LEC competitors. AT&T, after all, is simply reselling the LECs' access services, and in so doing is providing additional options to the customer. The Order expressly recognizes that by its offering, AT&T "proposes to resell the local transport entrance facility and direct trunked transport rate elements. . . ." (Order, ¶ 4 (emphasis added)), and further notes that "[u]nder the local transport restructure, the LECs are required to provide these rate elements on an unbundled basis, so that customers may choose alternative suppliers for portions of access service." Id., n.6. Those unbundled options still exist and are not foreclosed by AT&T's resale option. Any competitors to the LECs will therefore be able to make separate offerings of entrance facilities or direct transport, permitting the customers to buy the separate components of access. In short, AT&T's combination of two LEC access service components into a single resold connection service offers customers additional choice and does not restrict or preclude the advantages that LEC unbundling of their access services provides.

Second, AT&T's combination of these separate components of transport into a single resold service is clearly reasonable. The entrance facilities and the direct trunked facilities are provided by the LEC on the same facilities or "pipe" connecting a LEC end office to an AT&T POP. To permit customers to obtain resold entrance facilities but not the connecting direct trunked facilities, or vice versa, would require AT&T to obtain intermediate facilities, including multiplexing, at the arbitrary transition point where the single transport pipe changes in its characterization (as either an "entrance" or "direct trunked" facility). The costs of those intermediate facilities, together with associated administrative and maintenance costs, would require higher rates for absolutely no legitimate reason. See Attachment 1, Responses to Issue 3. If the customer wishes to obtain unbundled entrance and direct trunked facilities, it can decline AT&T's resold connection service and obtain the separate components from the LEC or any other access service provider.

IV. ISSUE 4: THE TERMS AND CONDITIONS OF AT&T'S TARIFF REVISION ARE REASONABLE.

Issue 4 raises a variety of questions concerning the facilities used to provide the resold connection service, including whether AT&T or the LEC "control[s] the assignment of circuits," and "how can the Feature Group A or B end user remove its traffic . . . to avoid being charged by AT&T for its use of the entrance facilities?" Order, ¶ 5, Issue 4.

As described in more detail in Attachment 1, upon the effectiveness of the LECs' restructured local transport tariffs, AT&T is now charged the LECs' tariff rates for those facilities used to transport Feature Group A and B access services, and, accordingly, controls the circuit assignment within those facilities. This is the same for any facility that AT&T or any other party may lease or obtain from the LEC and resell to end user customers.

Neither these nor other aspects of the terms and conditions contained in AT&T's Transmittal 6788 are unreasonable. AT&T's control of the LEC facilities it leases and resells to end users does not require any customer to take AT&T's resold access service, or to continue as a customer of AT&T's interexchange service offering for which Feature Group A or B access is an input. As described above (Part I, supra), a customer is not forced to obtain Feature Group A or B connecting service from AT&T -- the customer can obtain it from the LEC. These alternatives guarantee that no unreasonable terms and conditions can be imposed by AT&T's connection service offering.

V. ISSUE 5: AT&T'S PROPOSED CHARGES ARE REASONABLE.

The fifth issue concerns the rates AT&T proposes to charge customers who wish to obtain resold access service from AT&T. In particular, the Order asks how AT&T derived the recurring and non-recurring charges contained in the tariff revisions, and whether existing customers would be subject to the non-recurring charges. Order, ¶ 5, Issue 5.

AT&T derived the non-recurring and recurring charges on the basis of the expected additional costs imposed by the LECs in charging AT&T for the facilities used to provide the flat-rated portion of Feature Group A and B access, together with the expected demand for the connection services proposed in AT&T's tariff revisions. The rates further reflect AT&T's consideration of the market constraints on such connection charges. For example, AT&T examined the various LECs' tariffs for comparable flat-rated elements and estimated the expected fill, on an overall basis, for the facilities at issue. From this analysis, AT&T derived proposed rates that would make the connection service compensatory.[9]

Moreover, AT&T is simply reselling the LECs' Feature Group A and B access services. The LECs tariffs impose a price ceiling on the rates customers will be willing to pay for resold service. If AT&T's connection service rates are too high in comparison to the efficiency and convenience obtained, those customers will simply make alternative arrangements for their access services, or for the underlying interexchange service. For these reasons, AT&T's offerings under its F.C.C. Tariff No. 11 have never been subject to price cap regulation. See, e.g.,

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[9] No more detailed cost support or cost of facilities studies were prepared. For one, an estimate of the "cost of the actual high capacity facilities used for Feature Group A or B service" (Order, ¶ 5, Issue 5) varies from LEC to LEC (and even within a single LEC) based on their different tariff rates, and zone, term, and volume pricing differences.

47 CFR § 61.42(c)(3). Rather, market circumstances and the underlying regulation of the LECs' access rates (coupled with the available of access services from the LECs on an unbundled basis) serve to ensure the reasonableness of AT&T's Tariff 11 rates.

So too, the underlying interexchange services that utilize the LECs' Feature Group A and B access services are subject to intense competitive pressures and an array of competitive alternatives. Accordingly, the Commission has previously determined that these and other business services (which were initially included in AT&T's price cap "Basket 3" services) need not be subject to price cap or other regulatory price control.[10] The market for the ultimate interexchange service, and the existence of alternatives for the resold access services, thus fully ensure the reasonableness of the rates AT&T can charge.

VI. ISSUE 6: THE POSSIBILITY OF SPLIT BILLING OPTIONS DOES NOT MAKE AT&T'S RESOLD CONNECTION SERVICE UNREASONABLE.

The sixth issue addresses "split billing" options that LECs may offer and asks whether "these arrangements or some other form of split billing would solve the Feature Group A and B billing problem from the point of view of the end user customer and from AT&T's point of view." Order, ¶ 5, Issue 6. The Order further asks whether, with "the existence of split billing options," "billing the Feature Group A and B end users under

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[10] See Competition in the Interstate Interexchange Marketplace, 6 FCC Rcd 5880 (1991), recon., 6 FCC Rcd 7569 (1991), further recon., 8 FCC Rcd 2659 (1993), appeal pending.

Transmittal 6788" would be reasonable under Section 201(b) of the Communications Act. Id., Question 3.

AT&T is currently aware of only one major LEC that provides split billing -- Southwestern Bell.[11] But this and other split billing possibilities are neither an acceptable solution to the "Feature Group A and B billing problem" caused by the LECs' restructured transport tariffs, nor justification for any rejection of AT&T's proposed resold connection service.

As the Common Carrier Bureau has generally described, "split billing" in the context of Feature Group A or B access service means that the LEC would bill the end user and credit AT&T, on a fractionalized basis, for that portion of the transport facility cost associated with the particular customer's share of the capacity of the facility. See, e.g., Suspension Order, ¶ 12.[12] This provides no real solution to the LECs' change in Feature Group A and B billing practices for several reasons. For one, the LEC has shifted the responsibility for spare or unused capacity on the facilities from itself to AT&T; whatever credit AT&T receives is thus insufficient to cover the added expenses that the LECs' change in billing practices has

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[11] See also Suspension Order, ¶ 12.

[12] The Common Carrier Bureau's statement that "split billing by the LECs is crucial for customers to obtain maximum benefits from the restructured rates" (Suspension Order, ¶ 10) addresses a wholly different set of concerns from the Feature Group A and B issue (i.e., the efforts of smaller interexchange carriers to share the use of larger direct trunked transport facilities) and provides no foundation for rejecting AT&T's effort to resell Feature Group A and B access. See Local Exchange Carrier Switched Local Transport Restructure Tariffs, 9 FCC Rcd 400, 422-27 (1993).

imposed. Similarly, under Southwestern Bell's split billing option (and under equivalent arrangements under consideration by other LECs), AT&T remains the guarantor of payment. If the end user does not pay the split bill issued by the LEC, the amount of non-payment is simply imposed upon AT&T. This further guarantees that AT&T would not, through a split billing arrangement alone, obtain revenues or credits from the LEC sufficient to cover the additional expense that their Feature Group A and B billing rearrangement has imposed on AT&T.[13]

Finally, even if split billing for Feature Group A and B access services were more widely available, that offers no reason why AT&T should not be permitted to offer resold access service pursuant to the tariff revisions under investigation. A fundamental tenet of the Commission's Transport Orders, consistent with long-established Commission policy, is to promote the reselling of non-competitive services in order to encourage competition and cost-based rates.[14] Moreover, by its actions in allowing the LECs' restructured local transport tariffs to take effect, the Commission has permitted the LECs to shift the responsibility for the flat-rated portion of Feature Group A and

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[13] AT&T has utilized the split billing option provided by Southwestern Bell. In this manner, and pending the suspension of the tariff revisions proposed by Transmittal 6788, at least part of the additional expense caused by the change in Feature Group A and B billing practices is being offset. For the reasons described above, however, Southwestern's split billing arrangement is no substitute for other measures, such as the reselling of access services that AT&T wishes to provide.

[14] See, e.g., Transport Rate Structure and Pricing, First Memorandum Opinion and Order on Reconsideration, 8 FCC Rcd 5370 (1993), ¶ 62.

B access charges from the end users to AT&T. AT&T, in turn, should be permitted to recover that additional expense by means of revisions to its own tariffs, rather than by potential but inadequate split billing revisions to LEC tariffs. In short, there is absolutely no legitimate reason why AT&T's reselling of access services could be considered unreasonable under Section 201(b) of the Communications Act because of the existence or possibility of split billing or any other options available to customers.

CONCLUSION

For the foregoing reasons, the tariff revisions proposed by AT&T's Transmittal 6788 are reasonable and fully lawful and should be permitted to take effect without any further suspension or delay.

Respectfully submitted,

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ATTACHMENT 1

RESPONSE TO THE SPECIFIC QUESTIONS DESIGNATED FOR INVESTIGATION

The Order designates six issues for investigation, each of which include a series of specific questions. Order, ¶ 5. The Order further designates "AT&T as a party to this investigation," and directs AT&T to "respond to all the issues" raised. Id., ¶ 6. This Attachment identifies and answers each of the designated questions. The specific questions are listed, in the sequence presented in the Order, in boldface type; the respective answers follow.

Issue 1. Is it reasonable for AT&T to bill an end user customer for Feature Group A or B connection service when an end user has not affirmatively ordered this service from AT&T?

As described in more detail below, any existing or new customer for the Feature Group A or B connection service AT&T seeks to provide must affirmatively elect to receive the resold access service from AT&T. No customer will be billed for the service who has not affirmatively ordered it.

1. AT&T should explain how the end user becomes an AT&T customer for Feature Group A or B connection service. AT&T's response should include the following information:

-- Prior to the local transport restructure, who was the LEC's customer of record for each access rate element of Feature Group A and B service?

Prior to changes made by the LECs in their local transport restructure, the end user customer was the LEC's customer of record for each access rate element of Feature Group A and B service.

-- If AT&T ordered Feature Group A or B service from the LEC as agent for the end user customer, was AT&T or the end user designated the customer of record?

Again, prior to the changes in the LECs' restructured local transport tariffs, the end user remained the LEC's customer of record for each access rate element of the LEC's access service, whether the customer ordered the service, or AT&T, acting as the customers' agent, ordered on the customer's behalf.

-- Who did the LEC bill for the Feature Group A or B service charges?

The LEC billed the customer of record -- the end user.

-- Was AT&T or the end user responsible for payment of the Feature Group A and B charges assessed by the LECs?

The end user, as customer of record, was responsible for payment; AT&T was not.

-- If AT&T was the LEC's designated customer of record, under what tariff did it provide the Feature Group A or B access service to the end user and what charges did AT&T assess end user customers?

AT&T was not the customer of record and thus did not provide or resell the Feature Group A or B access service. Under the tariff revisions contained in Transmittal 6788, an end user will become a customer of AT&T's Feature Group A or B connection service when the end user affirmatively elects to receive AT&T's resold connection service for use in completing services provided pursuant to AT&T's F.C.C. Tariff No. 9.

-- How does AT&T's provision of Feature Group A and B service comply with Section 203 of the Act when AT&T (1) acts as the end user's agent, or (2) is designated customer of record by the LEC?

AT&T's transmittal 6788 contains a proposed tariff with a schedule of all the charges, classifications, and other terms of service, as required by Section 203 of the Communications Act.

-- AT&T should indicate whether it or the LECs notified end user customers of any changes in either status as customers or in the billing of Feature Group A or B service since the transport restructure occurred.

It is AT&T's understanding that some of the LECs did notify the end-user customer, but AT&T is unable to verify to what extent customers were notified and by which LECs. On its part, AT&T sent notifications to all existing customers affected by the LECs' changing of the designated customer of record for Feature Group A or B access, informing them of AT&T's expected filing of a Feature Group A and B connection service. A copy is attached as Exhibit 1, with the identity of the specific customer masked.[1]

-- AT&T should also describe how end users who are the LECs' customers of record for LEC access service were converted to customers of AT&T service.

Prior to the restructured local transport tariffs of the LECs, the end user was the LEC customer of record for the Feature Group A or B access service. Each customer was billed the applicable usage-based rates. Upon the effectiveness of

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[1] The notice contains one typographical error. The fifth line of the notice (<u>see</u> Exhibit 1) should have read "furnished by the local exchange carrier to AT&T," but the respective parties were reversed. The error is immaterial to the purpose of the notice.

their local transport restructure tariffs, the LECs now bill AT&T for those access facilities used to provide entrance facilities (EF) and the direct trunked transport (DT) for the Feature Group A and B access service. AT&T is now the LECs' customer of record for the flat-rate charges associated with Feature Group A or B entrance facilities and direct trunked transport. The end user is still the LEC customer of record for the usage sensitive rate elements of Feature Group A and B access service.

The affected customers are currently AT&T customers for the interexchange portion of service to which the LECs' facilities provide Feature Group A or B access. These customers have not been converted to AT&T's Feature Group A and B connection service, and are thus not customers for that service, because the tariff revisions proposed in Transmittal 6788 have not been approved. Although AT&T continues fully to support (e.g., maintenance and testing) the facilities for Feature Group A and B access, pending the effectiveness of its proposed tariff revisions, AT&T is unable to recover its increased access expenses.

If its tariff had gone into effect, AT&T would have sent additional notification to existing customers. The notification would have informed customers that a tariff had gone into effect and that conversion was underway. They would be advised that they could obtain the connection service pursuant to the tariff revisions, or if they did not want connection service from AT&T, to contact AT&T by means of a disconnect order and or to make other arrangements with AT&T or another carrier.

-- AT&T should provide an example of the notices provided.

See Exhibit 1 to this Attachment 1.[2]

2. AT&T should explain how an end user customer can either affirmatively order, or decline to receive, Feature Group A or B service from AT&T if the customer desires to continue receiving either the entrance facility or direct trunk transport rate elements from the LECs.

If the end user customer wishes to order, or decline to receive Feature Group A or B connection service from AT&T, which encompasses both the entrance facility and the direct trunk transport, all a customer would need to do is communicate its intent to AT&T. A customer will receive and be charged for AT&T's connection service only if that customer affirmatively orders it. If a customer desires LEC-provided access service, at the customer's request and as a part of AT&T's Access Coordination Function, AT&T will order the LEC service for the customer. If a customer does not affirmatively elect to obtain AT&T's connection service, or to obtain alternative access to AT&T's POP, AT&T will assume that the customer no longer wishes the relevant service and take steps to terminate the current services provided.

-- Does AT&T intend to charge Feature Group A and B end user customers for the service if they have not affirmatively ordered AT&T's connection service nor actively consented to take service from AT&T instead of the LECs?

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[2] As described above (p. 4 n.1), the notice contained a non-material typographical error.